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ABSTRACT

The Federal Perkins Loan, Federal Supplemental Educational Opportunity Grant (FSEOG), and Federal Work-Study (FWS) programs are called "campus-based" programs because each school is responsible for administering them on its own campus. A school applies for and receives funds from the U.S. Department of Education, and the school's financial aid administrator is responsible for ensuring that eligible students receive program funds. This volume covers provisions common to the Perkins Loan, FSEOG, and FSW programs, and the next three volumes discuss each of these individually. This volume contains: (1) "Participation, Fiscal Procedures, & Records"; (2) "Selecting Recipients"; and (3) "Awarding Campus-Based Aid." (SLD)

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ED 475 543

Common Provisions

Campus-Based

2002-2003

Volume #4

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Federal Student Aid

Handbook

Volume 4 of 9

Application and Verification Guide

Student Loan Guide

Volume 1: Student Eligibility

Volume 2: Institutional Eligibility and Participation

Volume 3: Federal Pell Grant Program

Volume 4: Campus-Based Common Provisions

Volume 5: Perkins Loans

Volume 6: Federal Work-Study

Volume 7: FSEOG

Volume 8: Direct Loan and FFEL Programs

Volume 9: State Grant Programs

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Introduction

The Federal Perkins Loan, Federal Supplemental Educational Opportunity Grant (FSEOG), and Federal Work-Study (FWS) programs are called "campus-based" programs because each school is responsible for administering them on its own campus.

This volume covers provisions common to the Perkins Loan, FSEOG, and FWS programs. The following three volumes discuss these programs individually. For a description of each program, see the Introduction to the program's respective volume.

RECENT CHANGES

Common Origination and Disbursement

Reporting campus-based data in the Common Origination and Disbursement System is *optional.* See chapter 1 for more details.

Participation, Fiscal Procedures, & Records

CHAPTER 1

For information on general fiscal procedures and records requirements for all Federal Student Aid programs, refer to Volume 2 - Institutional Eligibility and Participation, the current edition of the Blue Book, and 34 CFR 668.

A school applies for and receives program funds directly from the U.S. Department of Education by submitting an application, the Fiscal Operations Report and Application to Participate (FISAP), each award year. The school's financial aid administrator is responsible for ensuring that eligible students at the school receive program funds according to the provisions of the law, the regulations, the Program Participation Agreement (PPA) signed by both the Secretary of Education and the school's chief administrative officer, and other criteria the Department may establish.

PROGRAM PARTICIPATION AGREEMENT

A school that wants to participate in any Federal Student Aid (FSA) program must sign a PPA with the Department. The school official legally authorized to assume the agreement's obligations on the school's behalf must sign the agreement. (For more information on this agreement, see *Volume 2 - Institutional Eligibility and Participation.*)

The agreement provides that the school must use the funds it receives for a program solely for the purposes specified in the regulations for that program and that the school must administer each program in accordance with the Higher Education Act (HEA) of 1965, as amended, and the General Provisions regulations. See volume 2 for information on the General Provisions. Each of the campus-based programs has additional requirements that are part of the PPA and that are specific to the individual program; these requirements are found in the regulations for each program and in the HEA. Each program's specific requirements are discussed in that program's respective volume.

FISAP cite
34 CFR 673.3

APPLICATION FOR FUNDS

To apply for and receive funds from the Department for one or more of the campus-based programs, a school must submit a FISAP each award year. By the 1st of August each year, the Department makes available the next FISAP, which is due the 1st of October the same year. The Department posts instructions for submitting the FISAP in a Dear Partner Letter at **[http://www.ifap.ed.gov]**. (See box "FISAP on the Web.")

The information reported on the FISAP must be accurate and verifiable.

A school that has applied to participate in the campus-based programs for the first time should submit a FISAP by the deadline even if the school has not been certified to participate in the programs. The Department will calculate a funding level for the school and put the funding on "hold" status until the school has been approved to participate. See "Allocation of Funds" for more information.

ALLOCATION OF FUNDS

Allocation of funds cite
34 CFR 673.4

Campus-Based Programs allocation formula cites
Dear Partner Letters CB-99-16 and CB-02-01
HEA Sections 413D, 442, and 462

The Department allocates funds for the Campus-Based Programs directly to schools each award year. The allocation (or authorization) for each program is the amount of funding the school is authorized to receive from the Department for an award year. The Department bases the allocation amount on statutory formulas and on the amount of funds appropriated by Congress for the program. A school will not, however, receive an allocation that is in excess of its request.

If your school submits the FISAP by the 1st of October, the Department provides your school with tentative allocation information in January of the following year. The Department provides final allocation information for schools by the 1st of April. The Department posts notification of the availability and calculation methodology used for final award figures in a Dear Partner Letter at **[http://www.ifap.ed.gov]**. Schools obtain their specific award amounts by visiting the Self Service section of the FISAP on the Web site.

If a school does not use its total allocation of funds for campus-based programs, the school must release unexpended amounts to the Department. In July, the Department posts a Dear Partner Letter at **[http://www.ifap.ed.gov]** that requests schools to release any current year funds that they will not expend and offers schools the opportunity to request supplemental FWS funds for community service. The Reallocation application for schools wishing to return funds or request supplemental FWS funds can be found in the Setup section of the FISAP on the Web site.

FISAP ON THE WEB

Beginning with the October 1, 2002 submission of the 2001-2002 Fiscal Operations Report and 2003-2004 Application to Participate, schools are required to use the FISAP on the Web process available at **[http://www.cbfisap.sfa.ed.gov]**.

Schools may make corrections to their 2000-2001 Fiscal Operations Report and 2002-2003 Application through the following options:

- make and submit their corrections via the FISAP on the Web site; or
- make corrections using the FISAP 4 PC software and submit them via the Student Aid Internet Gateway.

For assistance submitting corrections for years prior to the 2000-2001 Fiscal Operations Report and 2002-2003 Application or for questions concerning the preparation of the FISAP, schools should contact the Campus-Based Call Center at (877) 801-7168 or CBFOB@ED.GOV. Questions about prior-year data listed on a FISAP should be referred to a FISAP Administrator at the Campus-Based Call Center.

If a school returns more than 10% of its allocated funds for a given award year under any one of the campus-based programs, the Department will reduce the school's allocation for the second succeeding award year by the dollar amount returned unless the Department waives this provision. For example, if the school returns more than 10% of its 2001-2002 allocation, its 2003-2004 allocation will be reduced by the dollar amount returned for 2001-2002.

The Department may waive this provision for a specific school if it finds that enforcement would be contrary to the interests of the program. The Department considers enforcement to be contrary to the interest of the program only if the school returned more than 10% of its allocation due to circumstances that are beyond the school's control and are not expected to recur. To request a waiver, a school must submit an explanation of the circumstances with its FISAP. The Department explains the process a school must use to request a waiver for the 2003-2004 award year in the FISAP Instruction Booklet.

After schools release their unexpended allocations, the Department reallocates the funds to schools that have met the criteria for receiving a supplemental allocation. Criteria for distributing these funds for each program are established in accordance with the HEA and the campus-based program regulations.

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FISAP cite
34 CFR 673.3

FISCAL OPERATIONS REPORT

As discussed earlier, a school must submit an application (FISAP) for each award year to receive federal funds under the campus-based programs. The school uses the Fiscal Operations Report portion of the FISAP to report its expenditures under the campus-based programs in the previous award year. (See box "FISAP on the Web.")

The Department provides materials essential for the preparation and submission of the FISAP in a Dear Partner Letter posted in July each year at **[http://www.ifap.ed.gov]**.

CASH MANAGEMENT

A school must disburse FSA program funds on a payment period basis, with the exception of FWS payments to students. Cash management requirements that apply to all FSA programs are discussed in detail in volume 2. The cash management requirements that apply specifically to each campus-based program are discussed in that program's respective volume.

CAMPUS-BASED PROGRAM RECORDS

Records cites

FISAP cite
34 CFR 668.24(e)(1)(i)

Perkins loans
34 CFR 674.19(e)

Records under question
34 CFR 668.24(e)(3)

Format of records
34 CFR 674.19(e)(4)
34 CFR 668.24(d)

A school must keep financial records that reflect all campus-based program transactions and must keep all records supporting the school's application for campus-based funds. This documentation includes the applications and records of all students who applied for campus-based assistance for a specific award year and were included on the school's FISAP for that award year. The school must also retain applications and records of students who applied for but did not receive aid either because the school had no more funds to award or because the school determined that the student did not need funds. The school must keep general ledger control accounts and related accounts that identify each program transaction and must separate those transactions from all other institutional financial activity. Fiscal records must be reconciled at least monthly.

Recordkeeping requirements as they apply in general to all FSA programs are discussed in volume 2. In addition to meeting those requirements, a school must meet certain campus-based program recordkeeping requirements. The campus-based records a school must maintain include but are not limited to:

- the Student Aid Report (SAR) or Institutional Student Information Record (ISIR) used to determine a student's eligibility for campus-based program funds;
- application data submitted to the Department or the school on behalf of the student;
- documentation of the payment of any return of Title IV funds or overpayment to the FSA program fund or the Department;

- documentation of the amount of a Perkins Loan, FSEOG or FWS award, its payment period, and the calculations used to determine the amount of the loan, grant, or FWS award;
- documentation of each FSEOG or Perkins Loan disbursement and the date and amount of each payment of FWS wages;
- documentation of the school's calculation of any refunds or overpayments due to or on behalf of the student and the amount, date, and basis of the school's calculation;
- information collected at initial and exit loan counseling required by Perkins Loan regulations; and
- reports and forms used by the school in its participation in a campus-based program, and any records needed to verify data that appear in those reports and forms.

For each Perkins Loan borrower, a school must maintain a repayment history. See *Volume 5 - Perkins Loans* for more information.

A school must also follow the procedures established in 34 CFR 675.19 for documenting a student's FWS work, earnings, and payroll transactions. These procedures are discussed in *Volume 6 - Federal Work-Study*.

Generally, a school must keep records relating to the school's administration of a campus-based program or the Pell Grant Program for three years after the end of an award year for which the aid was awarded and disbursed under that program, with these exceptions:

- The school must keep the FISAP for the Perkins Loan, FSEOG, and FWS programs and any records necessary to support the data contained in the FISAP, including "income grid information," for three years after the end of the award year in which the FISAP is submitted.
- The school must keep repayment records for Perkins Loans, including records relating to cancellation and deferment requests for at least three years from the date a loan is assigned to the Department, canceled, or repaid.
- Records questioned in an audit or program review must be kept until the questions are resolved or until the end of the retention period applicable to the records, whichever is later.

A school must keep its campus-based program records in one of the following formats:

- Original signed promissory notes and signed repayment schedules for Perkins Loans, National Direct Student Loans or National Defense Student Loans must be kept in a locked fireproof container until the loan is repaid or until the school needs the originals to enforce collection of the loan. If a loan is assigned to the Department, the school must

send the original promissory note or a certified copy of the note, as well as a copy of the original deferment or cancellation form(s). The school may not send computer-generated form(s) or microform(s). (Refer to volume 5.)

- A school may keep other required records in hard copy or in microform, computer file, optical disk, CD-ROM, or other media formats, but all record information must be retrievable in a coherent hard copy format or in other media formats acceptable to the Department except that (1) a student's SAR or ISIR used to determine eligibility for FSA program funds must be kept in the format in which the school received it, unless the school keeps the SAR in an "imaged media format;" and (2) any document that contains a signature, seal, certification, or any other image or mark required to validate the authenticity of its information must be kept in its original hard copy or in an "imaged media format."
- Any "imaged media format" used to keep required records must be capable of reproducing an accurate, legible, and complete copy of the original document, and, when printed, this copy must be approximately the same size as the original.

ADMINISTRATIVE COST ALLOWANCE

Administrative cost allowance cite
34 CFR 673.7

A school participating in the campus-based programs is entitled to an allowance to help offset administrative costs, such as salaries, furniture, travel, supplies, and equipment. The allowance can also be used for service fees that banks charge for maintaining accounts. Computer costs associated with Perkins Loan billing may also be paid from this allowance. Schools may use the allowance to help pay the costs of administering not only the campus-based programs but the Federal Pell Grant Program as well. Administrative costs also cover expenses for carrying out the student consumer information services requirements.

Each school's administrative cost allowance is based on its expenditures for all three programs, **excluding** the amount of Perkins Loans assigned to the Department.

When a school calculates its administrative cost allowance for the 2001-2002 award year, the school is to include in its calculation the full amount of its FSEOG awards—both the 75% federal share and the required 25% nonfederal share. However, a school that chooses to provide more than a 25% institutional share to FSEOG recipients may not include an FSEOG institutional share in excess of 25% in its FISAP or in the calculation of its administrative cost allowance. If the Department has granted a school a waiver of its required institutional share for the FSEOG Program or the FWS Program, that school's administrative cost allowance may be calculated only on the full federal portion of its awards for those programs.

Administrative Cost Allowance (ACA) Calculation

5% of the first $2,750,000 of a school's expenditures under the campus-based programs

+

4% of expenditures greater than $2,750,000 but less than $5,500,000 under the campus-based programs

+

3% of expenditures greater than $5,500,000 under the campus-based programs

The school takes the administrative cost allowance out of the annual authorizations the school receives for the FSEOG and FWS programs and from the available cash on hand in its Perkins Loan fund. It is not a separate allowance sent to the school. A school may draw its allowance from any combination of campus-based programs, or it may take the total allowance from only one program provided there are sufficient funds in that program. However, a school may not draw any part of its allowance from a campus-based program unless the school has disbursed funds to students from that program during the award year.

If a school charges any administrative cost allowance against its Perkins Loan fund, it must charge these costs during the same award year in which the expenditures for these costs were made.

Your school may use up to 10% of the administrative cost allowance, as calculated above, as attributable to its expenditures under the FWS Program to pay the administrative costs of conducting its program of community service. These costs may include:

- developing mechanisms to assure the academic quality of a student's experience;
- assuring student access to educational resources, expertise, and supervision necessary to achieve community service objectives; and
- collaborating with public and private nonprofit agencies and programs assisted under the National and Community Service Act of 1990 in the planning, development, and administration of these programs.

CERTIFICATIONS A SCHOOL MUST SUBMIT TO THE DEPARTMENT

The Department has incorporated the following forms into Part I of the FISAP: Form 80-0013, Certifications Regarding Lobbying; Debarment, Suspension, and Other Responsibility Matters; and Drug-Free Workplace Requirements. The Standard Form LLL, Disclosure of Lobbying Activities, should only be completed if a school expends funds for lobbying activities. The form can be printed from FISAP on the Web. To participate in the campus-based programs each award

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year, a school's chief executive officer must complete, sign, date, and submit to the Department the above certification forms with the school's completed FiSAP by the established deadline. A detailed discussion of the certification requirements is in volume 2.

COD: FAQs - Campus-Based Edition

THE BASICS

Reporting campus-based data in COD is optional *and is available to* full *participants only.*

What is Common Origination and Disbursement (COD)?

The COD System will integrate the origination and disbursement processes of the current RFMS and DLOS systems into one system, and also accept student level data for the campus-based programs. The COD System is student-centric; each student has a *common record* which contains all of her Direct Loan, Pell, and campus-based data.

FSA will implement the COD System in early May, 2002, for the 2002-2003 award year. *Full-participant schools* are schools that send the common record format in XML format for 2002-2003 records and adopt the common record change process.

REPORTING CAMPUS-BASED DISBURSEMENTS

What is the advantage of reporting campus-based data at the student level?

The COD system, will, at the school's option, complete portions of the FISAP for schools using the student level campus-based data schools report. COD will complete the income grid from CPS data, and the eligible applicant grid for schools that report "all enrolled data" to the National Student Loan Clearinghouse. The COD system will also report Pell expenditures as requested on the FISAP.

How often will I report my school's campus-based data to COD?

Schools can report campus-based data as often as they like--whatever works best for a school's internal process. For example, a school could report data on a weekly or monthly basis or choose to wait until the end of the year and report just once.

Will FSA edit the student level campus-based data?

- FSA will only confirm that the student has submitted an eligible CPS record and that the common record is readable.

If full participants send campus-based data to COD and the COD system pre-populates that data on the FISAP, are the full participants obligated to use this data?

No, full participants can override the campus-based data that is pre-populated in the FISAP. COD will pre-populate the FISAP and full participants can go into e-FISAP to override the data.

How do I let FSA know I have more questions about COD?

Customer Service Call Center staff may be reached at 800-433-7327 from 9 a.m. to 5 p.m. EDT. The fax number is 202-260-4199. The e-mail address is sfa.customer.support@ed.gov.

Selecting Recipients

CHAPTER 2

GENERAL ELIGIBILITY REQUIREMENTS

FSEOG eligibility cite
34 CFR 668.32(c)(1)

All students receiving campus-based aid must meet the general eligibility requirements listed in *Volume 1 - Student Eligibility*. Additional student eligibility requirements under each campus-based program are discussed in the respective volumes for each program.

Unlike the Stafford and PLUS loan programs, a student *does not* have to be enrolled at least half time to be eligible to receive aid through the campus-based programs unless the student is seeking aid to attend a teacher certification or professional credential program.

A student enrolled as an undergraduate, graduate, or professional student is eligible to receive assistance from the Federal Perkins Loan and Federal Work-Study (FWS) programs. Only undergraduate students who do not have a baccalaureate or first professional degree are eligible to receive Federal Supplemental Education Opportunity Grants (FSEOGs).

In choosing aid recipients, a school must develop written selection procedures that are uniformly applied and that are kept on file at the school. A school must make campus-based funds reasonably available—to the extent of available funds—to all eligible students who demonstrate financial need. (Two of the campus-based programs, the Federal Perkins Loan and FSEOG programs, require eligible students to have **exceptional** financial need.) A school is reminded that no payment of a campus-based award can be made if the student did not receive an official Expected Family Contribution (EFC).

FURTHER UNDERGRADUATE DEGREE

A student who has earned a bachelor's or first professional degree is eligible to receive aid from the Federal Perkins Loan Program or FWS Program to pursue an **additional** undergraduate degree. However, a student who has earned a bachelor's or first professional degree is **not** eligible to receive an FSEOG to pursue another undergraduate degree.

TEACHER CERTIFICATION PROGRAMS

Teacher certification programs cite
34 CFR 668.32(a)(1)(iii)

A school may award a Federal Perkins Loan and/or FWS to a student who is enrolled or accepted for enrollment at an eligible school on at least a half-time basis in a program that is required by a state for a professional credential or certificate for employment as an elementary or secondary teacher in that state. A student is not allowed to receive aid to cover optional courses that he or she may elect to take for professional recognition or advancement or additional optional courses recommended or required by the school. The school should document that the courses the student enrolls in are required by the state for teacher certification.

A student enrolled in a teacher certification program may be considered either an undergraduate or graduate student, depending on the school's policy. That decision is left to the school. Information about Perkins Loan limits for students in teacher certification programs is included in *Volume 5 - Perkins Loans.*

LESS-THAN-FULL-TIME AND INDEPENDENT STUDENTS

Less-than-full-time/independent cite
34 CFR 674.10(b)
34 CFR 675.10(c)
34 CFR 676.10(b)

If a school's FSEOG, FWS, or Federal Perkins Loan allocation is directly or indirectly based in part on the financial need of less-than-full-time or independent students, then a school is required to offer a **reasonable proportion** of its FSEOG allocation, its FWS allocation, and the dollar amount of the loans made from its Perkins revolving fund to such students. For purposes of this requirement, schools are expected to have reasonable packaging policies for awarding campus-based funds. A policy of exclusion for less-than-full-time or independent students would not be acceptable.

Part-time students include correspondence students. To be considered enrolled in a program of correspondence study, the student must be enrolled in a degree-seeking program and must have completed and submitted the first lesson. A school must offer a **reasonable proportion** of its FSEOG allocation, its FWS allocation, and the dollar amount of the loans made from its Perkins revolving fund to part-time students on its eligible branch campuses as well as to part-time students on the home campus.

SPECIAL SESSIONS

A student who enrolls as a regular student in an eligible program during a special session, such as summer school, may receive campus-based aid if he or she meets the same general eligibility requirements that apply to a student enrolled in a regular session. If a student is not enrolled during the special session, the student is not eligible to receive campus-based aid during the period of **nonattendance**, except in the case of an FWS job, which may be awarded only if the student attended the school during the preceding term or has been accepted by the school for the subsequent term. (See *Volume 6 - Federal Work-Study.*)

Awarding Campus-Based Aid

CHAPTER 3

NEED-ANALYSIS FORMULAS

Maximum campus-based aid calculation

	Financial Need
(-)	**Aid from other FSA programs and resources**
=	**Maximum Campus-Based Aid**

The Higher Education Act of 1965, as amended (HEA), provides a single methodology for determining the Expected Family Contribution (EFC) and cost of attendance (COA) for all Federal Student Aid (FSA) programs. Need-analysis and COA are discussed in *Volume 1 - Student Eligibility*. If the student's COA exceeds his or her EFC, the student has need.

Before awarding aid from campus-based programs, the financial aid administrator must take into account aid the student will receive from other FSA programs. The administrator must also take into account other resources that the school makes available to its students, resources about which he or she knows, or resources that the administrator can reasonably anticipate at the time aid is awarded to the student. An aid administrator may not award or disburse aid from a campus-based program if that aid, when combined with all other resources, would exceed the student's need.

If, **at any time during the award period**, the student receives additional resources that were not considered in calculating the student's eligibility for campus-based aid and if these resources combined with the expected financial aid will exceed the student's need, the amount in excess of the student's need is considered an overaward.

RESOURCES

Resources cite
34 CFR 673.5(c)

Resources, as defined by the campus-based regulations, include but are not limited to:

- funds a student is entitled to receive from a Federal Pell Grant;
- William D. Ford Federal Direct Loans (Direct Loans);
- Federal Family Education Loans (FFELs);

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- long-term loans made by the school, including Federal Perkins Loans (short-term emergency loans are not considered to be a resource);
- grants, including Federal Supplemental Educational Opportunity Grants (FSEOGs), state grants, and Reserve Officer Training Corps (ROTC) living allowances;
- scholarships, including athletic scholarships and ROTC scholarships, and scholarships that require future employment but are given in the current year;
- waivers of tuition and fees;
- fellowships or assistantships;
- veterans educational benefits paid under Chapters 30, 31, 32, and 35 of Title 38 of the U.S. Code;
- income from insurance programs that pay for the student's education;
- net income from need-based employment; and
- AmeriCorps funds (national service education awards or post-service benefits under Title I of the National and Community Service Act of 1990).

"Need-based employment" means employment that is awarded by the school itself or by another entity to a student who demonstrates a financial need for those funds for the purpose of defraying educational costs of attendance for the award year. Only income from **need-based** employment may be considered as a resource.

Non-need-based earnings are not to be considered as a resource for the current award year because they will be reported as income on the Free Application for Federal Student Aid (FAFSA) for the subsequent award year and will be used in calculating the EFC.

To determine the net amount of a student's FWS earnings that will be available to help pay for his or her COA, the school must subtract estimated taxes and job-related costs from the student's gross FWS earnings (see *Volume 6 - Federal Work-Study*). Any portion of the above resources that is included in the calculation of the student's EFC is not considered to be a resource.

Stafford substitution cite
34 CFR 673.5(c)(3)

The school may treat a Federal PLUS Loan, Direct PLUS Loan, unsubsidized Federal Stafford Loan, Direct Unsubsidized Loan, state-sponsored loan, or a private loan as a substitute for a student's EFC. However, if the sum of the loan amounts received exceeds the student's EFC, the excess is a resource.

Stafford exclusion cite
34 CFR 673.5(c)(4)

You may, as an option when packaging aid, **exclude** as a resource a portion of a subsidized Stafford Loan up to the amount of the student's Chapter 30 veterans education benefits (also known as the Montgomery GI Bill – Active Duty) and/or AmeriCorps funds. For an

example of how this exclusion factors into a student's financial aid package, see volume 1. (Chapter 30 veterans education benefits and AmeriCorps awards must be **excluded** from estimated financial assistance when determining a student's eligibility for a subsidized Stafford Loan.)

Noneducational veterans benefits are not counted as a resource or estimated financial assistance, as they are already counted in the EFC formula as nontaxable income. Noneducational veterans benefits include Death Pension and Dependency and Indemnity Compensation (DIC) benefits.

OVERAWARDS

Overaward cite
34 CFR 673.5

A financial aid administrator may not award or disburse aid from a campus-based program if that aid, when combined with all other resources, would exceed the student's need. If a student who has already been awarded a financial aid package later receives additional resources that cause his or her financial aid package to exceed his or her need, the amount in excess of the student's need is considered an overaward.

There is a $300 overaward threshold for all campus-based programs. The $300 threshold is allowed only if an overaward occurs after campus-based aid has been packaged. The threshold does not allow a school to deliberately award campus-based aid that, in combination with other resources, exceeds the student's financial need.

STEPS TO TAKE IF THE RESOURCES EXCEED NEED

Resolving overaward cite
34 CFR 673.5(d)

If a school learns that a student has received additional resources that were not included in calculating the student's eligibility for aid from the Perkins Loan, FWS, or FSEOG Program that would result in the student's total resources exceeding his or her financial need by more than $300, the school must take the following steps:

1. If the student's aid package includes a loan under the FFEL or Direct Loan Program, the school must first follow the overaward requirements that are presented in *Volume 8 - Direct Loan and FFEL Programs.* Also, a school may attempt to reduce or eliminate the overaward by changing the function of an unsubsidized loan (a Stafford Loan, a nonfederal loan, or the parents' PLUS Loan) from covering need to replacing the EFC. (However, if the sum of the loan amounts exceeds the student's EFC, the excess must be treated as a resource.)
2. If there is no FFEL or Direct Loan in the student's aid package or if the school eliminates the FFEL or Direct Loan

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overaward and if, in either case, the student's total resources still exceed the student's need by more than $300, the school must recalculate the student's need to determine whether he or she has increased need that was not anticipated when the school awarded aid to the student. If the student's need has increased and if the total resources do not exceed the increased need by more than $300, the school is not required to take any additional action.

3. If the school recalculates the student's need and determines that the student's need has **not** increased or that his or her need has increased but that the total resources still exceed his or her need by more than $300, the school must cancel any loan or grant (other than a Pell Grant) that has not already been disbursed.

4. If the student's total resources still exceed his or her need by more than $300 and his or her resources include a Perkins Loan and/or FSEOG, the amount that exceeds the student's need by more than $300 is a Perkins Loan or FSEOG overpayment.

For a student employed under the FWS Program, if the school recalculates the student's need and determines that the student's need has increased and if the total resources do not exceed that increased need by more than $300, the school may use FWS funds to pay the student until the FWS award has been earned or until the student's increased need has been met. In addition, the school may continue employing the student under FWS after the full amount of the FWS award has been earned and the student's financial need has been met; however, the school may pay the student with FWS funds only up to the time the income from **need-based** employment exceeds the student's financial need by more than $300. At that point, FWS funds may no longer be used to pay the student. The school may continue to employ the student, but funds other than FWS funds must be used to pay the wages.

OVERPAYMENTS

Overpayment cite
34 CFR 673.5(f)

A student is liable for any overpayment of a Perkins Loan or FSEOG; the school is also liable for any overpayment that was caused by the failure of the school to follow the procedures in 34 CFR Part 668, Part 673, Part 674, Part 675, or Part 676. If the school makes a Perkins Loan or FSEOG overpayment for which it is liable, it must restore an amount equal to the overpayment plus any administrative cost allowance claimed on that amount to its Perkins Loan fund for a Perkins Loan overpayment or to its FSEOG account for an FSEOG overpayment.

If the school makes a Perkins Loan or FSEOG overpayment for which it is not liable (for example, when a student has made a mistake on the application), the school must promptly attempt to recover the overpayment by sending a written notice to the student requesting the

repayment of the amount of the overpayment. The notice must state that, if the student fails to repay the overpayment, or fails to make arrangements satisfactory to the holder of the overpayment debt to repay the overpayment, the student will be ineligible for additional FSA funds until final resolution of the overpayment.

If a student claims that the school has made a mistake in determining the Perkins Loan or FSEOG overpayment, the school must consider any information provided by the student and determine whether the objection is warranted.

If the school made an FSEOG overpayment for which it is not liable, and the federal share of an FSEOG overpayment is $25 **or more**, the school may be required to refer the overpayment to the U.S. Department of Education for collection. A school must refer the FSEOG overpayment case to the Department's Student Receivables Division for collection if all of the following conditions apply to the overpayment:

- the school has sent the required notice to recover the overpayment;
- the school determines that the student's objection (if any) is not warranted;
- either the school has failed to collect the FSEOG overpayment or the student has failed to make arrangements satisfactory to the school to repay the overpayment; and
- the federal share of the FSEOG overpayment is $25 **or more**.

If the school is required to refer the FSEOG overpayment to the Department for collection, the school must identify the federal share of the overpayment; the student's name, most recent address, and telephone number; and other relevant information. See volume 1 for additional information. After referring the overpayment case to the Department for collection, the school is not required to make any further attempt to collect the FSEOG overpayment. If the school is unable to collect the overpayment and the federal share is **less than** $25, the school is not required to make any further attempt to collect the overpayment.

COORDINATION WITH BUREAU OF INDIAN AFFAIRS GRANTS

Coordination with BIA Grants cite
34 CFR 673.6

To determine the amount of campus-based aid for a student who is or may be eligible for a Bureau of Indian Affairs (BIA) grant, a school must first develop a financial aid package without considering any BIA funds. If the total aid package—after BIA funds are added—does not exceed the student's need, no adjustment may be made to the aid package. If the total package plus the BIA grant does exceed need, the school must eliminate the excess in the following sequence: loans, work-study awards, and grants other than Pell Grants. (The school may

not reduce a Pell Grant or BIA grant.) The school may alter this sequence of reductions upon the student's request if the school believes the change would benefit the student. In determining the amount of financial need for a student eligible for a BIA grant, a financial aid administrator is encouraged to consult with area officials in charge of BIA postsecondary financial aid.

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